

# What's that on my Telephone bill???



May 10, 2001

Compiled by:

Utah Division of Public Utilities

## Federal Charges

### **Federal Access Charge:**

Also known as the subscriber line charge (SLC), end user customer line charge (EUCL), an FCC charge for network access, FCC approved customer line charge, interstate subscriber line charge, customer subscriber line charge, or Federal line fee.

**What is it?** It's the part of interstate long-distance rates that pay for some of the cost of the local portion of the telephone network. This was meant to keep basic local rates stable at the time of the Bell system breakup. It helps cover phone companies' fixed costs to operate and maintain the local phone network.

**Who put it on my bill?** United States Congress via the Federal Communications Commission (FCC) in 1983. It was part of the Bell System settlement.

**What law or rule?** Title 47, Code of Federal Regulations, Section 69.152.

**How much is it?** Currently capped at \$4.35 for a primary residence/business line. Increased to \$5.50 for each additional residence line and \$6 to \$9 for each additional business line in 2001. It can increase by \$1 annually up to \$9 limit for residence lines if costs can be justified.

**Who gets the money?** The local telephone companies.

### **Federal Universal Service Fund:**

Also known as Federal Universal Service Fee, Universal Connectivity Charge, & Universal Service Carrier Charge.

**What is it?** Telecommunications companies put this money toward a federal program that assists high cost rural telephone companies provide service at about the same rates as urban areas and provides phone and internet service to schools, libraries and rural health-care facilities.

**Who put it on my bill?** Your long-distance carriers. The FCC does not require this to be passed on to customers but many long-distance providers do so anyway.

**What law or rule?** Title 47, Code of Federal Regulations, Sections 36, 54, and 69 requires long-distance carriers to participate in the federal program.

**How much is it?** The amount varies depending upon the anticipated universal service requirements of the long distance carrier. MCI charges 5% of the customer's long-distance billing; Sprint charges 4.5%; and AT&T charges a flat-rate of \$0.93 per month.

**Who gets the money?** Schools, libraries, and health care institutions. Funds are allocated by discounts and grants. Other eligible subscribers who apply can receive discounts on services.

### **Local Number Portability Charge (LNP):**

**What is it?** This is the latest federal fee on your phone bill. Phone companies have upgraded their systems so that consumers can keep the same phone number in the same area even if they switch phone companies. It was designed to remove a major barrier to competition by assuring that all telephone companies' networks are configured so a customer changing telephone companies won't have to change telephone numbers as well. It was thought that customers would be less likely to go to a competitor if they had to go through the trouble of changing their telephone numbers.

**Who put it on my bill?** United States Congress via the FCC, effective February 10, 1999.

**What law or rule?** Title 47, Code of Federal Regulations, Section 52.33 and the Federal Telecommunications Act of 1996, Section 251 (e) (2).

**How much is it?** US WEST is charging \$0.43 for residence and \$0.53 for business per line each month. The FCC will allow the monthly charge for a maximum of 5 years. The charge can only be applied once the carrier is capable of providing number portability.

**Who gets the money?** The local telephone companies, for the costs necessary to upgrade their network to accommodate number portability and to recover the recurring costs of providing portability. Local phone companies must prove that all

such fees relate directly to provision of LNP.

#### **Federal Excise Tax:**

**What is it?** This tax was created as a luxury tax to pay for the Spanish-American War. Now, all proceeds are used for general Federal revenue purposes (Presumably, the war's paid for).

**Who put it on my bill?** United States Congress (1898). That's right **1898**.

**What law or rule?** Title 26, United States Code, Sections 4251 & 4243.

**How much is it?** It's 3% of all billed local and long-distance services, and teletypewriter exchange services.

**Who gets the money?** U.S. Treasury.

### **State & Local Charges**

#### **Residential / Business Line & Dial Tone:**

**What is it?** These charges cover basic local phone service without added features such as caller ID, Directory assistance or voice mail.

**Who put it on my bill?** The Utah legislature, via the Utah Public Service Commission (PSC) sets the amount the local phone company can charge for local service. For Qwest Communications, certain business customers rates have been removed from pricing restrictions.

**What law or rule?** Title 54 Utah Code Annotated, Section 54-4-4 gives the Commission the authority to set rates utilities can charge for local service.

**How much is it?** The amount varies by local telephone company. US West currently is authorized to charge \$1.80 for a residence line and \$9.23 for Dial tone. The business line rate is \$2.70 and the dial tone rate is \$16.67.

**Who gets the money?** The local telephone companies. These charges cover the costs of providing basic telephone service and provide investors a fair return on their investment.

#### **Extended Area Calling Charge (EAS):**

**What is it?** This charge pays for the ability to make telephone calls in an area greater than that which is included in the line and dial tone charges (above). Your telephone company's local exchange areas are often very small and do not coincide with the local "communities of interest" boundaries. If long-distance toll charges were necessary for all calls to numbers outside the local exchange boundary many residents would incur toll charges to call schools, state agencies, hospitals, businesses or neighbors. The EAS provision allows telephone customers in an area to petition the Utah PSC to get calling privileges to additional exchanges that they can call on a local call basis. The Utah PSC allows a surcharge to be imposed on the telephone customers in the expanded local calling area to provide the revenue necessary to cover the costs of providing this service.

**Who put it on my bill?** The Utah PSC.

**What law or rule?** Utah PSC Administrative Rule R746-347-1 to R746-347-6.

**How much is it?** The amount varies depending upon the local exchange in which you receive telephone service.

**Who gets the money?** The local telephone companies.

#### **Utah Universal Service Support Fund (USF):**

**What is it?** This surcharge is used to fund the Utah Universal Public Telecommunications Service Support Fund (USF). The purpose of the USF is to preserve and promote universal service within the state by ensuring that customers have access to affordable basic telephone service. The USF provides subsidies to local telephone companies, usually small independent companies, to help pay the cost of providing telephone service into high cost locations. USF support is usually required in rural areas where the number of subscribers and the cost of providing telephone service could not be recovered without charging excessively high rates.

**Who put it on my bill?** The Utah legislature, via the Utah Public Service Commission (PSC)

**What law or rule?** Title 54 Utah Code Annotated, Section 54-8b-15; Utah PSC Administrative Rule R746-360.

**How much is it?** Currently charged at .0067 of Basic service.

**Who gets the money?** The local telephone companies upon application and justification of requests for USF fund assistance to the Utah PSC.

**Telecommunications Relay Services:**

**What is it?** This charge funds the Telecommunications Devices for the Deaf and Hearing Impaired (TDD) placement program. The TDD provides telecommunications equipment and relay telephone service to deaf and/or disabled customers and also provides for the placement of telecommunications devices for the deaf and hearing impaired in existing buildings and public accommodations.

**Who put it on my bill?** The Utah legislature via the Utah PSC.

**What law or rule?** Title 54 Utah Code Annotated, Section 54-8b-10.

**How much is it?** Currently billed at \$0.10 per line per month. The amount of the charge is set by the Utah PSC and may not exceed \$0.25 per line per month.

**Who gets the money?** Utah State Treasury as dedicated credits to be administered by the Utah PSC to support the TDD program.

**911 Surcharge:**

**What is it?** A fee assessed on behalf of the county or city where a customer lives, to pay for 911 emergency services, regardless of whether a household has ever made a 911 call.

**Who put it on my bill?** The Utah legislature.

**What law or rule?** Title 69 Utah Code Annotated, Section 69-02, Emergency Telephone Service Law.

**How much is it?** Currently billed at the maximum \$.53 rate per line per month allowed under the law.

**Who gets the money?** Local County or City governments which provision 911 service.

**Emergency Service Telephone Charge - Utah Poison Control Center Surcharge:**

**What is it?** A fee assessed to fund the costs of establishing, installing, maintaining and operating the University of Utah Poison Control Center.

**Who put it on my bill?** The Utah legislature.

**What law or rule?** Title 69 Utah Code Annotated, Section 69-02-5.5,

**How much is it?** Currently billed at the maximum \$.07 rate per line per month allowed under the law.

**Who gets the money?** Utah State Tax Commission for the University of Utah Poison Control Center.

**Utah State & Local City Tax:**

**What is it?** State and local city sales taxes are assessed upon all basic telecommunications charges.

**Who put it on my bill?** The Utah legislature.

**What law or rule?** Title 59 Utah Code Annotated, Section 59-12.

**How much is it?** The sales tax rate varies based upon the location (point of service), statewide sales tax rate is added to local sales tax rates to determine the sales tax rate in any specific location.

**Who gets the money?** Utah State Tax Commission, County and City governments.

### **Other Charges**

#### **Charge for changing long distance provider:**

**What is it?** A flat fee charged by local telephone companies to recover the programming costs to change the designated long distance provider on your account. You can designate a separate in-state or local preferred long distance company (LPIC) and a preferred interstate long distance company (PIC).

**Who put it on my bill?** United States Congress via the FCC.

**How much is it?** A one-time charge of \$5 to change your interstate long distance company and a one-time charge of \$2.50 to change your in-state long distance company.

**Who gets the money?** Local telephone companies.

#### **Charges for Optional Services:**

**What is it?** Some services offered by telephone companies were regulated at one time and have become deregulated such as inside wire maintenance and repair. The phone company is only responsible to assure service to the terminal box attached to the outside of your house. If your telephones don't work and the phone company finds that there is a signal to the terminal box it is your problem. If you do not subscribe to the optional "Linebacker" service (US West), you will be charged a service charge if a technician is called to your house because your telephones are not working and they find a working signal at the terminal box. Numerous other optional telephone features are offered by phone companies but are not regulated, such as voice messaging, caller ID, 3-way calling, automatic callback/last call return, auto redial, call forwarding, etc.

**How much is it?** The amounts charged for these unregulated services vary, contact your local telephone company for specific charges and offered services. While these services are convenient, it is important to understand how they work and how charges are assessed. Upon request, the company must provide a complimentary copy of the rate schedule applicable to your usage. Note, however, that the Utah PSC does not regulate the rates and charges for optional services, and the charges may change without notice.

**Who gets the money?** Local telephone companies.